

**11/4/77 [1]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 11/4/77 [1]; Container 49

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

NATIONAL ARCHIVES AND RECORDS SERVICE  
WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<del>memo</del>	<del>From Blumenthal to The President ( page) re:</del> <del>various matters of concern</del> <i>Open 9/20/96</i>	<del>11/4/77</del>	<del>A</del>

FILE LOCATION

Carter Presidential Papers- Staff Officers, Office of the Staff Sec. - Pres.  
Handwriting File 11/4/77 [1] BOX 57

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.



THE PRESIDENT HAS SEEN.  
THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

230  
PRIORITY

November 4, 1977

PERSONAL & ~~CONFIDENTIAL~~

MEMORANDUM TO THE PRESIDENT

I must review several important matters with you. They are of concern to me and I would greatly appreciate an early opportunity to discuss them in person and get your guidance.

1. The dollar and related international currency development. In the wake of recent developments, I had some confidential discussions on this in Europe and the Middle East which I should report to you alone and on which I need your advice.

2. Treasury-Federal Reserve problems. I want to tell you about a number of things that have happened in Treasury-Fed relationships, their impact on our debt funding operation, relationships with the Chairman, and also a point made to me on this by Chancellor Schmidt.

3. Taxes. I want to proceed with the next steps re your tax message after the first of the year. I need your general guidance. It is important we talk before I have additional papers prepared.

4. My meeting with Soviet Minister Patolichev re US/Soviet Trade. I am scheduled to meet Patolichev next week and am planning some moves in the delicate area on the U.S./Soviet trade question. I would appreciate your personal views on this.

5. My trip. There are some additional points and developments arising from my talks with Schmidt and the Shah, which I would like to convey to you in person.

Following your suggestion, I am sending this to you through Tim Kraft and will check with him on when you can see me.

*WMB*

W. Michael Blumenthal

WMB:la

DETERMINED TO BE AN ADMINISTRATIVE

MARKING BY

DATE

9/30/96

THE PRESIDENT'S SCHEDULE

Friday - November 4, 1977

---

7:30 Breakfast with Vice President Walter F. Mondale, Secretary Cyrus Vance and Dr. Zbigniew Brzezinski - The Roosevelt Room.

8:30 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:30 Signing Ceremony for: (1) H.R. 4297, Marine Protection Research and Sanctuaries Act, and (2) H.R. 2817, Tinicum National Environmental Center. (Mr. Frank Moore)-Room 474, EOB.

10:30 Mr. Jody Powell - The Oval Office.

11:30 Honorable Clark Clifford, Secretary Cyrus Vance, and Dr. Zbigniew Brzezinski.  
The Oval Office.

12:00 Lunch with Mr. Bert Lance - The Oval Office.

2:00 Interview for the German Publication  
(10 min.) Bild am Sonntag. (Mr. Jerry Schecter).  
The Oval Office.

2:30 Meeting with Environmental Action Groups.  
(30 min.) (Ms. Midge Costanza) - The Cabinet Room.

2:30 p.m.

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT *Stu*  
KITTY SCHIRMER

SUBJECT ENERGY TALKING POINTS FOR MEETING WITH THE  
ENVIRONMENTAL GROUPS

Here are the energy talking points for your meeting with environmental representatives this afternoon:

- appreciate the work which the environmental community has done on the National Energy Plan, and some of the other issues not contained in the plan itself, but equally important to our energy program such as the OCS leasing reform, the Clinch River Breeder, and non-proliferation,
- want to continue to work with you to ensure that the energy legislation produced by the Conference is fair to the consumer, prevents windfall profits, meets our conservation and conversion goals, and does not raid the Treasury
- one of the reasons you feel that enactment of a comprehensive energy plan now is so important is to avoid having to undertake a crisis-related crash energy development program later. If we don't plan for a transition from oil and gas to other sources, the pressure to dig up everything we can, at enormous environmental cost, will be tremendous. This is one of the problems which we want to avoid.

Electrostatic Copy Made  
for Preservation Purposes

Electrostatic Copy Made  
for Preservation Purposes

THE PRESIDENT HAS SEEN.

2:30 PM

THE WHITE HOUSE

WASHINGTON

November 3, 1977

MEETING WITH MAJOR ENVIRONMENTAL GROUPS

Friday, November 4  
2:30 p.m. (30 mins.)  
The Cabinet Room

From: MARGARET COSTANZA *mc*

I. PURPOSE

To discuss the Administration's energy plan and to briefly touch upon the following items of concern: improved communications between the White House and Environmental groups, unfilled environmentally-related Administration positions, federal-state relationships in the management of wildlife, D-2 lands and the environmental implications of Indian land claims.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This meeting was originally requested by Thomas Kimball and others for the purpose of discussing several environmental matters, including the energy package and appointments to the Department of Energy. We have expanded the participation to cover a broader spectrum of environmental groups and have asked that the first half of the agenda be devoted to remarks the President might want to make on energy. The President met with Messrs. Kimball and Star in Plains last December. A larger future meeting is planned with representatives of the same groups to discuss water projects policy.
- B. Participants: See the attached list
- C. Press Plan: Pool

III. TALKING POINTS

- 1. Talking points on energy will be supplied in a separate memo by Stu Eizenstat and Kitty Schirmer.
- 2. Environmental groups hope for greater contact with the President and will propose a number of options for ensuring this contact. Options include tri-monthly

meetings with the President; establishment of a mechanism whereby the President personally receives a listing of the major concerns of environmental groups on a tri-monthly basis; or the identification of a "trusted aide" who will ensure citizen input on environmental matters.

3. Participants will indicate their growing concern over the Administration's failure to-date to fill the following environmentally-related positions: Assistant Secretary of the Army for Civil Works; Assistant Secretary of Energy for Environment; and the Director of the Department of Interior's Bureau of Land Management (BLM).
4. The group will briefly touch on what they see as a trend toward increased federal management of wildlife. Mr. Gotchak will lead that discussion and may refer to a Field and Stream Magazine interview of the President during the campaign in which states rights were stressed.
5. The group will stress the importance they place on taking advantage of the opportunity to set aside D-2 lands. Dr. Star will lead.
6. If time permits, Mr. Gotchak will point out the implications for resource management of the Indian land claims. The groups support Indian claims in general but hope that monetary rather than land damages will be awarded.

Thomas Kimball	- National Wildlife Foundation
Dr. Elvis Star	- The Audubon Society
Brock Evans	- The Sierra Club
John Gotchak	- Assoc. of State Natural Resources Depts.
William Butler	- Environmental Defense Fund
John Adams	- National Resources Defense Council
David Brower	- Friends of the Earth
Louise Dunlap	- Environmental Policy Center

Margaret Costanza  
Katherine Schirmer  
Jane Wales

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

*Rick*  
*still unsatisfactory*  
*J*

INFORMATION

4 November 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *RH*  
SUBJECT: Status of Presidential Requests

At TAB A is the regular weekly report, listing your requests which:

- are done;
- are expected this coming week; or
- were expected this coming week, but have been postponed.

At TAB B is a list of all remaining presidential requests, on which work is proceeding on schedule.

At TAB C are the memos sent (per your request) to the Department of Energy and to Stu Eizenstat, listing pending requests, and asking for expedited action. I check on every pending request every week, by phone. Henceforth, I will also send out memos reminding Cabinet & staff of requests which are due in the upcoming week, and listing requests on which action is overdue.

Electrostatic Copy Made  
for Preservation Purposes



5 November 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *RL*

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. (7/18) (Confidential) Check with the Attorney General and comment on the Morris Dees memo concerning the death penalty in the U.S. -- In Progress. *4 months!*
2. (8/13) This doesn't seem right. Work on Jack Anderson article on 8/13 regarding giant utilities "phantom taxes" -- In Progress, (with Senior Staff, expected 11/7).
3. (10/6) (and Schultze) Comment and draft reply regarding memo from Sen. DeConcini regarding copper -- Done.
4. (10/16) (and McIntyre) (Personal) Please comment regarding class/travel of federal officials and employees -- In Progress, (expected 11/7).
5. (10/28) (and Powell) Prepare a press release regarding H.R. 5675, Authorizing Treasury Secretary to Invest Public Moneys; good item -- Done (10/28). *Done*
6. (9/30) Examine and return book by Joseph Pechman (as editor) entitled, COMPREHENSIVE INCOME TAXATION -- In Progress, (expected 11/7).
7. (9/12) Assess three items briefly regarding Marshall memo concerning black unemployment -- In Progress, (expected 11/9).

LIPSHUTZ:

1. (9/28) Check with ERDA and prepare a brief answer for the President regarding letter from Cong. Dingell concerning safeguarding of special nuclear weapons -- In Progress, (Lipshutz to discuss with the President personally). *6 wks!*

BRZEZINSKI:

1. (7/11) (and Brown) Keep the President informed about certification qualifications of appointees to non-career jobs -- Done, (in 10/28 weekly report from Brown). *done*
2. (10/31) What are we doing to recruit other consumer nations to help us hold down OPEC prices? -- Done (11/1). *done*
3. (11/2) Draft a frank letter to Geisel pointing out obstacles after the President makes the recommendation to NRC on nuclear fuel for Brazil -- In Progress, (expected 11/7).

JORDAN:

1. (10/11) See the President regarding letter from Cong. Don Fraser concerning Winograd Commission -- In Progress. *4 weeks!*
2. (10/25) Prepare reply for the President regarding letter from Sen. Metzenbaum concerning appointment of Lyn Coleman as General Counsel of DOE -- Done. *done*
3. (10/27) Prepare a reply to the letter from Arnold Saltzman concerning the energy program -- Done. *done*

VICE PRESIDENT:

1. (10/6) Check with Stan regarding letter from Howard Bucknell concerning Dr. Aristid Grosse's comments about Persian Gulf Oil -- Done. *done*

SCHLESINGER:

1. (10/18) Why permit white market? See staff comments regarding memo concerning rationing plan -- In Progress, (expected 11/8).

FALLOWS:

1. (10/19) (and Eizenstat, Powell) Proceed with draft fire-side chat on energy and schedule one -- In Progress. *done*

WATSON:

1. (10/26) Prepare a brief written plan for the series of meetings with business leaders and present it to the President. Consult with Blumenthal, Kreps, Strauss, McIntyre, Schultze, Jordan and Eizenstat -- Done,  
(meetings scheduled for 11/10 and 11/17). *where is it?*
2. (10/28) O.K., proceed with postponement of Governor's Energy Production Conference -- Done. *done*
3. (10/31) Expedite reply after consultation regarding letter from Gov. Straub concerning timber problems/log imports -- In Progress, (expected 11/7).

COSTANZA:

1. (10/28) Check on letter from Mrs. Stuchel about Navy pension of her husband -- Done. *done*

MOORE:

1. (11/1) What is the status of H.R. 9262, Congressional Retirement Legislation? -- Done. *done*

HUTCHESON:

1. (10/31) Expedite these items, regarding status of presidential requests -- In Progress, (3 of 8 done).

Electrostatic Copy Made  
for Preservation Purposes

*B*

PRESIDENTIAL REQUESTS IN PROGRESS

2/16 Eizenstat	<u>message on regulatory reform</u>	with OMB, expected 11/18
2/25 Jordan	<u>renegotiation board</u>	pending action by Congress
7/11 McIntyre	<u>emergency grant/loan criteria too lax</u>	budget review session - December
7/28 Brzezinski	<u>excessive number of non-State Dept. personnel abroad</u>	budget review session - December
8/4 Jordan	<u>Advisory Council on Historical Preservation</u>	prospective appointees undergoing security checks
8/5 Eizenstat	<u>study of service academies curriculum</u>	expected 11/31
8/11 Harris	<u>condominium reform proposal</u>	HUD has completed; OMB getting agency comments; expected 11/15
8/17 Eizenstat	<u>new gift policy for foreign gifts</u>	GSA & State will complete by end of November
* 8/22 Eizenstat	<u>options to reduce oil imports</u>	DOE plans to have ready by 12/5 <sup>10 weeks!</sup>
8/22 Adams	<u>keep President informed about Amtrak heavy rail repair</u>	controversial; Adams waiting until Congress adjourns before acting
8/24 Schultze	<u>economic impact statement</u>	part of regulatory reform; expected 11/18
9/13 Rafshoon	<u>national arts festival</u>	ready for presidential review by 2/78

\* Last week you put a note on Stu's weekly report asking him to "expedite now" work on options to reduce oil imports. Stu responds that the Department of Energy is undertaking this project. Apparently Dr. Schlesinger will discuss with you the amount of time needed to complete action on this request.

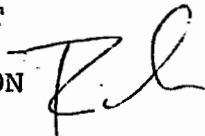


MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

ACTION

2 November 1977

TO: STU EIZENSTAT  
FROM: RICK HUTCHESON   
SUBJECT: Presidential Requests

Please expedite action on the following Presidential requests:

February 16: Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet.

July 18: (Confidential) Check with the Attorney General and comment on the Morris Dees memo concerning the death penalty in the U.S.

August 5: The President would like a study done to determine if the curriculum at the service academies can/should be more narrowly focused on their future careers.

August 17: We can issues guidelines from the President regarding new gift policy for foreign gifts; prepare draft.

August 22: Begin prepare for action regarding options to reduce oil imports.

September 30: Examine and return book by Joseph Pechman (as editor) entitled, COMPREHENSIVE INCOME TAXATION.

September 12: Assess three items briefly regarding Marshall memo concerning black unemployment.

October 6: Comment and draft reply regarding memo from Sen. DeConcini regarding copper.

October 16: Please comment regarding class/travel of federal officials and employees.

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

ACTION

2 November 1977

TO: FRANK PAGNOTTA  
FROM: RICK HUTCHESON *RH*  
SUBJECT: Presidential Requests

This is to follow up on our phone conversation of yesterday.  
Please expedite action on the following presidential requests:

August 22: Begin preparing for action regarding options to reduce oil imports. (Originally sent to Eizenstat.)

September 28: Check with ERDA and prepare a brief answer for the President regarding letter from Congressman Dingell concerning safeguarding of special nuclear weapons. (Originally sent to Lipshutz.)

October 25: Prepare reply for the President regarding letter from Senator Metzenbaum concerning appointment of Lyn Coleman as General Counsel of DOE. (Originally sent to Jordan.)

October 27: Prepare a reply to the letter from Arnold Saltzman concerning the energy program. (Originally sent to Jordan.)

October 18: Why permit the white market? See staff comments regarding memo on gas rationing plan.

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	McINTYRE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
/	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
/	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

rick--

please send me a copy  
of this

thanks -- susan

THE WHITE HOUSE  
WASHINGTON  
November 4, 1977

Frank Moore  
Tim Kraft

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
MEETING WITH CONGRESSIONAL LIAISON

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	McINTYRE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

November 2, 1977

*Frank -  
ok - set it  
up - not on  
printed schedule  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.m.*

I am having a small morale problem in my East Wing offices.

In addition to the people who work the Hill, there are 9 other staffers who work from early in the morning until 8:00 p.m. They work Saturdays and when needed have worked on Sundays.

They are glad to work these hours, but as in a campaign one looks toward the final result. In our case, the final result is adjournment. My staff now finds that they must adjust their psychic clocks toward a date still uncertain. I believe they are simply physically and mentally fatigued.

A drop-by by you on your way to lunch or on your way home for supper would do wonders. I'm sure it would give everyone a "second wind" and get us through the next few weeks.

If you can do this, I've attached a memorandum you can use for talking points. Bill Cable will be glad to take care of introducing you around.

Electrostatic Copy Made  
for Preservation Purposes

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 1, 1977

TO: WHITE HOUSE CONGRESSIONAL LIAISON STAFF  
AGENCY AND DEPARTMENT CL STAFFS  
DOMESTIC POLICY STAFF

FROM: LES FRANCIS

SUBJECT: Preliminary Report on Legislative Achievements,  
1st Session of the 95th Congress

Despite the fact that the First Session of the 95th Congress is not yet over, the Administration's "scorecard" of legislative accomplishments is already impressive. It promises to be even more so by the time Congress adjourns later this year.

In the next week or so, Ann Dye will be compiling a more complete list of legislative accomplishments, so please forward additional items for inclusion to her.

A preliminary list follows:

A. Major Legislative Accomplishments; Bills Signed

1. Emergency Natural Gas Act
2. Tax Reduction and Simplification
3. Public Works Jobs
4. Economic Stimulus Appropriations
5. Budget Resolutions
  - 3rd Resolution for FY 77
  - 1st & 2nd Resolutions for FY 78
6. Youth Employment
7. Anti-Recession Assistance to States  
and Local Governments (Counter-cyclical)
8. Housing and Community Development Act
9. Small Business Assistance Increases
10. Reorganization Act
  - and Approval of EOP Reorganization
11. Creation of the Department of Energy
12. Surface Mining Control & Reclamation Act
13. Food & Agriculture Act (including Food  
Stamp Reform)
14. Clean Air Act amendments
15. Anti-Foreign Boycott
16. Ban on Rhodesian Chrome

17. Drought & Disaster Assistance (five laws)
18. Juvenile Justice & Delinquency Prevention
19. International Financial Institutions Extension
20. Veterans Compensation
21. Medicare & Medicaid Anti-Fraud & Abuse
22. Minimum Wage
23. Foreign Assistance Appropriations
24. Prisoner Exchange Enabling Legislation
25. Indochinese Refugee Assistance
26. Unemployment Compensation Extension
27. Debt Collection Practices Act

In addition to these, over 100 other bills of varying degrees of importance have been signed by President Carter this year.

B. Legislation in Progress: Items on Which Final & Positive Action Can Be Reasonably Expected Either This Year or Next.

1. Labor Law Reform (has passed the House)
2. National Energy Act (has passed the House)
3. Victims of Crime Compensation (has passed the House)
4. Medicare/Medicaid for Rural Clinics (in Conference)
5. Mine Safety (Conference concluded)
6. School Lunch & Child Nutrition Act Extension  
(Conference concluded)
7. Age Discrimination (in Conference)
8. Social Security Financing (has passed House)
9. Consumer Representation & Reorganization
10. Clean Water Act (in Conference)
11. Airline Regulatory Reform
12. Hatch Act Reform (has passed House)
13. Water-way User Fees
14. Corporate Bribery
15. Public Officials Integrity Act
16. Lobby Reform
17. Hospital Cost Containment
18. Public Broadcasting Reform
19. Welfare Reform
20. Undocumented Aliens
21. Child Health Assessment Program
22. Federal Election Act amendments

C. Other Achievements

1. Cancellation of the B-1 and Making It Stick (3 times)
2. Cancellation or Modification of Nine Water Projects
3. AWACs Sale to Iran

D. Foreign Policy Issues on Which Congressional Action  
Is Expected

1. Panama Canal Treaties
2. SALT II

THE WHITE HOUSE

WASHINGTON

Date: November 2, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

*lets end it in a way he'll do it*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Moore memo dated 11/2 re Stop-by Visit to Congressional Liaison

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: November 4, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Date: November 2, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Moore memo dated 11/2 re Stop-by Visit to Congressional Liaison

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: November 4, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.

Tim, let's send  
in to see if  
he wants  
- Tim

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

November 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *Fm.*

I am having a small morale problem in my East Wing offices.

In addition to the people who work the Hill, there are 9 other staffers who work from early in the morning until 8:00 p.m. They work Saturdays and when needed have worked on Sundays.

They are glad to work these hours, but as in a campaign one looks toward the final result. In our case, the final result is adjournment. My staff now finds that they must adjust their psychic clocks toward a date still uncertain. I believe they are simply physically and mentally fatigued.

A drop-by by you on your way to lunch or on your way home for supper would do wonders. I'm sure it would give everyone a "second wind" and get us through the next few weeks.

If you can do this, I've attached a memorandum you can use for talking points. Bill Cable will be glad to take care of introducing you around.

THE WHITE HOUSE  
WASHINGTON

*cc Johnson  
Kings*

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI
/	MONDALE
/	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
/	MOORE
	POWELL
/	WATSON
/	<del>LANCE</del> J <sup>m</sup>
/	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

MARSHALL MEMO ON ECONOMIC POLICY  
DECISIONS

THE WHITE HOUSE  
WASHINGTON

11/4/77

Mr. President:

The memos from Marshall, Schultze, McIntyre, Kreps and Carswell (totaling 24 pages) not submitted, as Stu has summarized the main issues.

Rick

THE WHITE HOUSE  
WASHINGTON

November 2, 1977

①

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
BOB GINSBURG

SUBJECT: Secretary Marshall's Memorandum on  
Economic Policy Decisions

Attached are (a) a memorandum from Secretary Marshall setting forth his views on the economic policy decisions you will be facing over the next several months and (b) comments on the Marshall memorandum from Charlie Schultze, Jim McIntyre, Secretary Kreps, and Acting Secretary Carswell. This memorandum briefly summarizes the basic points made in the attached items.

Size of Economic Stimulus

Secretary Marshall recommends an economic stimulus program consisting of (a) a tax cut of \$23 billion in annual terms, effective July 1, 1978 (\$17 billion budget cost in FY 1979) and (b) an increase in spending (over the OMB current services budget) growing to an annual rate of \$10 billion by the end of FY 1979 (\$7 billion budget cost in FY 1979). Marshall's recommendations are based on estimates made by an EPG deputies' group of the stimulus needed to get the economy back on the track toward an unemployment rate of 4 3/4% in 1981.

Schultze, McIntyre, Kreps, and Carswell note that the EPG deputies' estimate was only a tentative staff-level forecast for 1978-1979 (which will be updated in early December), and that the forecast has not been endorsed by the EPG principals and was not intended to constitute policy recommendations. They believe that any decision on economic stimulus now would be premature--decisions on economic stimulus can be better made as we develop the FY 1979 budget and monitor the performance of the economy over the next several months. Schultze states that committing ourselves to \$7 billion in additional expenditures in FY 1979 could jeopardize our long-term budget goals.

### Composition of Economic Stimulus

Secretary Marshall recommends that approximately \$5 billion of the \$10 billion annual spending increase be budgeted for an expanded program of PSE jobs, increasing the number of PSE jobs from the presently-planned 725,000 to 1.2 million by the end of FY 1979. Marshall believes that this expansion in PSE jobs could be achieved without sacrificing program quality and that it would be politically popular and create a larger number of jobs (and move us more quickly toward our unemployment goals) per budget dollar than any other form of economic stimulus.

Your other economic advisers doubt the efficacy of an expanded PSE jobs program. They believe that: (a) we should not further increase PSE jobs before we have had a chance to evaluate the existing program, which may already be having difficulties in finding productive work for the unemployed; and (b) an expansion of PSE jobs would be inconsistent with our stated priority for private sector employment and our goal of a balanced budget and a limited Government share of GNP.

### Recommendation

We do not think you need to make up your mind on matters of fiscal policy and economic strategy at this time. These decisions will be best made as we develop our FY 1979 budget and watch the performance of the economy over the next several months, and they should be integrated within the development of a broader economic strategy which includes our plans for tax reform and inflation control.

Attachments

THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 25 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR *Ray*

SUBJECT: Economic Policy Decisions

You will soon be making several major decisions about economic policy and the budget for FY 79. The most important of these include decisions over the size of the stimulus, its timing, its division between tax reduction and increases in spending, and the composition of the spending increases. This memo contains my views about these decisions.

A Four-Part Economic Strategy

Because the decisions are closely related, they should all be part of a single comprehensive economic strategy as suggested below.

1. Stimulus

To get the economy back on the track toward an unemployment rate of 4 3/4 percent in 1981, the EPG deputies estimate it would take:

- A tax cut of \$23 billion in annual terms effective July 1, 1978, with a budget cost of \$17 billion in FY 79.
- An increase in spending of \$500 million in FY 78 growing to an annual rate of \$10 billion by the end of FY 79, with a budget cost of \$7 billion in that year. This increase is above the OMB current services budget of approximately \$500 billion.

We should provide this stimulus. Moreover, we should reaffirm our announced goals so that agency decisions over programs as well as private decisions over capital investment can all be made in a consistent fashion.

## 2. Structural Programs

The extra \$10 billion should be spent, where possible, on programs to reduce special pockets of unemployment that are not thought to be sensitive to overall economic growth, so inflationary pressures are minimized when the 4 3/4 percent unemployment rate is attained in 1981. I feel the Labor Department could spend up to half of the \$10 billion on employment and training programs without sacrificing program quality.

## 3. Inflation

Inflation should be reduced or restrained through structural programs, not through restraining the economy. I believe we can find much cheaper ways to cut inflation than by reducing economic growth. I recently sent you a memo describing ways to pursue this objective.

## 4. International Economic Growth

Not only must we continue to exert pressure on our major trading partners to have them apply more stimulus to their own economies, but we must develop more effective institutional mechanisms to transform the OPEC payments surplus into effective demand for the output of all nations.

I believe this four-part strategy provides a consistent economic policy that will enhance economic growth and reduce unemployment and inflation at the least budgetary cost. The four parts of this strategy are mutually reinforcing in terms of minimizing the conflicts between the diverse goals you have established. The announcement and pursuit of such a comprehensive strategy could go far in providing business and consumers with greater confidence in the future.

#### Overall Budget Strategy

As you decide how much stimulus should come in the form of tax cuts, and how much in the form of additional outlays, I urge you not to reduce the outlay portion below the \$7 billion package for FY 79 (\$10 billion at yearend) whose effects were analyzed by the EPG deputies. Additional outlays will be needed because:

- Programs to increase outlays have a stronger effect on the economy per budget dollar than tax cuts. A \$33 billion tax cut would not get us back on track though \$10 billion in outlays and \$23 billion in tax cuts would.
- The shortfall in Federal spending below what was anticipated a year ago is now about \$15-18 billion. This means we can expand outlays without jeopardizing our long run budget goals, and that such an expansion is needed just to provide the stimulus we had already intended to provide.
- The delays in passing a tax cut may be greater than the delays in implementing a spending program. The trouble we had with the rebate indicates it is not always easy to get Congress to cut taxes. Any tax cut greater than \$23 billion is likely to encounter substantial Congressional opposition.

### Specific Stimulus Decisions

My reasons for recommending that you budget up to half of the additional \$10 billion of stimulus for an expanded program of public service jobs are summarized below. Our latest OMB budget submission gives the details on a plan to do this as part of our overall progression from 725,000 CETA jobs in 1978 to 1,400,000 welfare reform jobs in 1981.

I feel we could expand to 1,200,000 jobs by the end of FY 79 without sacrificing program quality. We are right on track at this date in our planned expansion from 300,000 jobs in May 1977 to 725,000 jobs in March 1978. With 540,000 now on board, we have demonstrated our ability to establish a feasible plan and deliver.

There are many reasons why additional stimulus should include an expansion of the PSE programs.

- It would be likely to pass Congress quickly.
- Our current experience indicates it could be implemented quickly.
- It would create a larger number of jobs per budget dollar than any other form of stimulus.
- It would be highly visible and would satisfy some of the demands from the urban constituency.
- It would provide flexibility to help eliminate pockets of unemployment caused by dislocations due to import problems or other emergencies.
- It would move us closer to the overall unemployment goals you have set and that are likely to be included in the Humphrey Hawkins bill.
- It would not affect the 1981 budget if the PSE expansion is part of the transition to the 1.4 million jobs we already anticipate in that year.

For these reasons, a PSE component should rank high in the list of alternatives you consider for getting the economy back on track.

I have attached a memo I sent to you in May proposing a contingency plan to meet today's situation. That memo, and its attachment, discuss the required design of a stimulus package to satisfy our diverse goals.

Attachment

20 MAY 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR

SUBJECT: NEED FOR AN ECONOMIC CONTINGENCY PLAN

An economic contingency plan is needed to guarantee that we get to full employment in 1980 with a balanced budget in FY 81. We should prepare now a plan of action prescribing what we would do if the economic recovery were to get off track.

The need for an economic contingency plan is based on the following principles:

- o The goals for 1980-81 of full employment and a balanced budget can be met only if the economy is strong at that date.
- o The economy can be strong in 1980-81 only if we experience an unusually strong recovery between now and then. Specifically, economic growth needs to be maintained at a rate close to 6 percent during the next four years.
- o If growth is interrupted by a small recession, or even a pause of several quarters, it would be very difficult to make up the lost ground by 1980-81.
- o While the economy is strong now, history suggests that even a strong recovery can quickly turn into a pause or recession.

- o Without a carefully prepared contingency plan, it would be difficult to counteract a pause once it started. There are delays in receiving and interpreting economic information, delays in deciding what should be done, and delays in carrying out the actions that are chosen.
- o A contingency plan can be designed to shorten these traditional policymaking lags.

I request that you direct the EPG to prepare an economic contingency plan so we will be ready to move in the event the economic recovery loses its vigor.

The plan should contain:

- o A monitoring system to determine when the recovery has gotten off track.
- o A list provided by the several agencies and departments of programs that could be created or expanded quickly to get the economy back on track.
- o A similar list of programs provided by State and local governments.
- o A ranking or classification of those programs according to their desirability; criteria for the ranking should include the effect of the programs on the 1980-81 unemployment rate, budget and price level, as well as their effect on program-specific goals.
- o A strategy for working with Congress for quick adoption of any contingencies to be selected.

I have attached a discussion of this issue that describes more fully the relations between the contingency plan and the goals of full employment and a balanced budget.

I would like to discuss this issue with you soon.

Attachment

AN ECONOMIC CONTINGENCY PLAN

The Need

Economic events cannot be predicted with certainty. While policies must be based upon our best forecast of the future it is wise to be prepared for the possibility the forecast will be wrong.

Current policy is designed to attain several goals:

- Full employment to be reached by the end of 1980.
- A balanced budget in FY 1981.
- A reduction in the inflation rate to 4 percent by the end of 1979.

Without a strong economy in 1980, it is extremely unlikely that either full employment or a balanced budget can be reached on schedule. While special policies can be designed to pursue these goals individually, the most important ingredient for these goals is the existence of a strong economy in 1980.

Economic growth at a rate close to 6 percent over the next four years is needed if the economy is to be strong enough in 1980 to satisfy the policy goals. While this path to full employment is sound, we must recognize that it is ambitious and that it does not provide much room for error. A small recession or even a pause would open a gap that would be hard to close.

The economy is now on track. The stimulus in existing Administration proposals should provide further strength in the months ahead. There is no need to change current policy as long as growth continues at a 6 percent rate.

But there is nothing inevitable about the path we are on. History suggests that a steady recovery for five years would be unusual, though not unprecedented. We should be prepared for the possibility that the recovery could weaken since it would be unusual if it did not.

It makes good sense to be prepared for such weaknesses by considering now the policies that would be used to combat them. A sound contingency plan could shorten considerably the amount of time it would take to offset any recessionary forces that might develop.

If a recession is to be avoided, a quick reaction to a weakening of the recovery is essential. But for several reasons it is difficult to formulate sound policies and react quickly.

First, it is difficult to know which downturn in the economic statistics represents a true weakness and which represents a random fluctuation. Several months of bad news generally arrive before the weakness is recognized.

Second, when the weakness is recognized, it takes time to decide what to do. Which programs should be expanded - which taxes changed? Should new temporary programs be designed?

Third, once the decision to act has been taken, it takes time for the programs to begin to operate and to affect the level of economic activity.

These three lags can be shortened considerably with a sound economic contingency plan.

#### The Design of a Contingency Plan

A contingency plan would contain: 1) a system for monitoring the economy, 2) a previously chosen set of actions to be taken if a slowdown occurs, and 3) a strategy for implementing those actions as quickly as possible.

#### Monitoring

While it is difficult to agree precisely on how far the economy should be permitted to deviate from the target path

before compensating actions are taken. It is useful to agree upon the path itself so there is no confusion about the size of the deviation. Once a path is chosen, the monitoring system should provide periodic assessments of how far the economy has deviated from the path and for how long.

The automatic nature of the assessment is important. Bad news would be called bad because an automated system said so, not because an Administration policymaker found it to be bad in his judgment. The automatic assessment could accelerate the decision to act by making it more difficult to find excuses for bad news or forecasts.

#### Pre-selected Actions

When action becomes necessary, it can be accelerated if the actions to be taken have been agreed upon in advance. This can be done.

Each agency and department could provide a list of programs that could be expanded quickly if needed. A similar list could be solicited from State and local governments.

The programs would then be classified in several ways and tentatively ranked according to their desirability. Criteria used to rank the programs should include, of course, the speed with which they can be expanded, but should also include their effect on other administration goals.

It should be possible to assemble a list of programs that can be started rapidly but that have little effect on the 1981 budget. For example, a program due to grow could be expanded to its 1981 level as early as 1979. The expansion would stimulate the economy without unbalancing the 1981 budget.

#### Implementation Strategy

The concrete list of proposals should greatly shorten the time it would take to decide what to do. It would guarantee that the money spent would be spent efficiently. And the very existence of the list would provide evidence that something could be done in a hurry if necessary. This evidence could accelerate the decision to act.

Once the list is assembled, the leaders of Congress should be requested to examine it and to form a plan for dealing with it quickly should the need arise. Hearings could be held so there would be little Congressional delay.

With the monitoring system in place, a proposed set of actions agreed to and a Congress that has been previously altered to the specifics of the plan, quick action becomes possible.

#### Consistency of Full Employment with a Balanced Budget

Although the contingency plan could require higher outlays in FY 79 or 80, these outlays need not affect the FY 81 budget. In fact, the contingency plan should improve the likelihood of balancing the budget in FY 81 because it will guarantee a strong economy at that date.

The importance of a strong economy to the budget is seen from the historical record:

- o The Federal Budget was in surplus in 8 of the last 30 fiscal years: 1947, 48, 49, 51, 56, 57, 60 and 69.
- o The unemployment rate was below 4.5 percent in 12 of the last 30 calendar years: 1947, 48, 51-3, 55-7, and 66-9.

Thus in 6 of the 8 years in which the budget was in surplus, the economy was at full employment. Even the remaining two years were periods of high economic activity, but the lack of synchronization of calendar and fiscal years obscures the relationship.

Since a strong economy provides more revenues and requires less outlays than a weak one, it is not surprising the record shows full employment and balanced budgets tend to coincide rather than to conflict.

It is essential that fiscal and monetary policies be directed toward producing a strong economy in 1980 and 81 if the budget is to be balanced and if full employment is to be attained. With a weak economy, neither goal will be met.

While the record shows full employment is not incompatible with a balanced budget, it shows full employment does not by itself bring about such a balance. It is a necessary but not a sufficient condition.

In half of the years in which full employment was attained, the budget remained in deficit. Five of those six years, (52, 53, 66, 67, 68) were years of war, with unusually large outlays, and with hard to employ teenagers at work in the trenches. Regardless of the purpose of government spending, however, those years provide evidence that full employment can be created by outlays that unbalance the budget. Thus the goals of full employment and a balanced budget don't necessarily coincide. The principle that links these goals is the following:

If the private economy is strong when full employment is reached, the budget will show a surplus. If the private economy is weak, the budget will be in deficit.

If the economy is weak in 1980, the Administration will face the difficult decision of whether to unbalance the budget and pursue full employment or to try to balance the budget and cause a recession. It will be too late to attain both goals. Policies must be taken now to guarantee a strong economy in 1980 so this dilemma does not arise.

#### The Link between the FY 79 Budget and the FY 81 Budget

Because the economic system contains many lags, a judicious timing of fiscal stimulus can provide a strong economy and a strong budget in 1980-81. By providing stimulus in the FY 79 budget, (and the FY 80 budget,) the economy can be strengthened so that it will provide a high level of revenues in FY 81, making a balanced budget more likely in that year.

The principles on which these statements rest are the following:

- o Revenue Collections Lag Economic Activity

A strong economy in 1980 will provide a high level of revenues for both the 1980 and 1981 budgets.

April 15, 1981 is the settlement date for personal

tax payments on income earned in Calendar 1980. Corporations' quarterly tax payments for the last two quarters of 1980 will be collected in the FY 81 budget. Furthermore, the ability to estimate quarterly tax payments by using the previous year's income as a guide, indicates that a high level of activity in the first two quarters of 1980 will also lead to high revenues in FY 81.

• Consumer Spending Lags Income

This is well documented empirically in the economic literature on the consumption function. A major reason is thought to be that a high level of income in the past provides consumers with a strong financial structure in the present.

• Investment Spending Lags Sales

Investment - requiring a 10 percent investment growth - shows the largest lag in empirical studies. A major reason is simply the time it takes to complete complicated projects. A nuclear power plant takes 10 years to build. If a stronger than expected economy in 1978 causes public utilities to revise upward their forecasts of power demand in 1988, power plants will be started on which heavy construction activity will take place in 1980. Two to three years is a more typical lead time, and for a lag of this length, a strong argument can be made that it is FY 79 stimulus that will cause high levels of investment in 1980 and beyond.

Historical data show that investment spending lags economic activity. To have high investment in 1980 we need to strengthen the economy in 1978-9.

These lags suggest that the FY 79 and 80 budgets must provide the stimulus needed to direct the economy toward full employment and thereby can help to balance the FY 81 budget. There is no reason why the deficit must decline steadily between now and 1981.

It would be dangerous to expand outlays in the FY 79 budget, however, if the expansion was to be built into all future budgets as well. This can be avoided by restricting the expansion to programs in the following categories:

- Speedups - New spending initiatives could be started early. Don't save the initiatives till FY 81 since an earlier start would lead to more revenues in the FY 81 budget. Programs already scheduled to increase could be increased to their FY 81 levels early.
- Temporary Programs - Temporary programs can improve economic activity now, causing investment to remain high in 1981 long after the programs have disappeared. The agencies should provide a list of useful temporary programs and activities, and document their claim that the programs can be completed before FY 81.
- Triggered Programs - Programs that automatically provide outlays when the unemployment rate is high can be adopted. If full employment is attained in 1980-81, these outlays will automatically disappear from the FY 81 budget. If full employment is not attained, budget balance is unlikely anyway.

#### Other Budget and Unemployment Policies

Other policies can be followed to reduce the likelihood that a choice will have to be made between full employment or a balanced budget in 1980-81. PSE jobs, for example, will reduce the unemployment rate associated with a given level of fiscal stimulus.

Budget dollars are not equal in their impact on economic activity. By increasing programs with large effects on the economy and decreasing those with small ones, a given deficit can provide a greater stimulus and bring about a lower unemployment rate.

Dollars can be classified roughly as follows in order of decreasing effect on the unemployment rate:

- 1) Outlays for government employment.
- 2) Outlays for government purchases.
- 3) Outlays for transfers and tax reductions.
- 4) Financial Outlays.

By pruning outlays from the bottom of the list, and increasing those at the top, more employment can be squeezed from a given deficit. For example, increasing outlays for CETA at the expense of welfare payments can be expected to increase employment without affecting the budget deficit.

With respect to financial outlays, loans made by the Export-Import Bank and Receipts from Offshore Oil Leases are examples of substantial outlays in the Federal Budget that have little effect on GNP and employment. The 1981 budget should be scrutinized carefully to make sure that these weak outlays are as low as possible.

Even within these categories, some dollars may be stronger than others. The tax reform initiative, for example, should recognize that some tax provisions will have a larger effect on private demand than others. This effect provides an important criterion for the selection of one provision over another.

A careful selection of programs should increase the employment bang from the budget buck. These policies may be followed even in the absence of an economic contingency plan.

### The Full Employment Goal

Independent of the need for a contingency plan is the need to restate a numerical goal for unemployment. The "Campaign Promises Book" prepared by the transition team lists as a general principle, "striving to achieve unemployment at a level of 4 percent or less by the end of the first term."

Different numbers have appeared in other documents, some of them unacceptably high.

Recently, OMB prepared a Long Range Budget Outlook (April 28) that projects an unemployment rate of 4.5 percent in 1982. The rates for 1980 and 81 are 5.2 percent and 4.8 percent respectively. These are presumably consistent with a rate of 5.0 percent at the end of 1980.

The same document projects an unemployment rate of 5.5 percent for 1980 under alternative assumptions about the private economy.

The possibility of a rate of unemployment of 5.5 percent in 1980 should not provide the basis for planning in this Administration. While it is appropriate for OMB to calculate how a change in the economy would change the budget, there is a risk these calculations will provide a model for policy making. They should not.

If the economy behaves in an unexpected way, we should change our policies to make sure we hit our goals. The goals should not be recalculated under the assumption our policies will remain fixed.

The calculations in this memo suffer from the lack of a clearly defined goal for unemployment. The 6 percent rate of economic growth mentioned above is intended to be consistent with an unemployment rate of 4.5 percent at the end of 1980, assuming 1,000,000 public service jobs to be provided at that date.

A firmer agreement on a numerical unemployment goal for 1980 should be reached. This is true regardless of whether we formulate a contingency plan.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>CL5</sup>

Subject: Secretary Marshall's Recommendations for Increasing  
Fiscal Year 1979 Budget Outlays

Secretary Marshall's memorandum of October 25 recommends:  
(1) adding \$7 billion to budget outlays in fiscal 1979 as a means of providing additional stimulus to the economy, and  
(2) channeling approximately half of the additional expenditures into an expanded program of public service jobs. For the reasons outlined below, such a decision seems to me unwise at this time.

- Marshall's recommended fiscal program is based on a forecast by an EPG deputies group that was never intended to be more than a tentative judgment about possible economic developments in 1979. How much fiscal stimulus will be needed to be included in the fiscal 1979 budget can better be appraised later on. The EPG deputies group responsible for developing Administration forecasts will be updating its view of the outlook for 1979 in early December.
- Committing ourselves to \$7 billion in additional expenditures in fiscal 1979 would add to the risk that our long-run budget goals would be jeopardized. Marshall's statement that Federal spending is \$15 to \$18 billion below what was anticipated a year ago is misleading. In September 1976, OMB "best guess estimates of unified budget outlays were \$408 billion in FY 1977 and \$442 billion in FY 1978. In February 1978 we published estimated totals of \$417 billion in FY 1977 and \$459 billion in FY 1978, with the upward revisions reflecting the stimulus program. The fiscal 1977 figure is now estimated to be \$402 billion or \$15 billion below the February estimate, but the present OMB best-guess estimate for FY 1978 is \$457 billion, just \$2 billion below the February estimates. The present estimating techniques by OMB have been designed to squeeze the water out of the outlay figures for fiscal 1978.

There is no strong reason for believing that outlays in the next fiscal year will be much below \$457 billion.

Additions to expenditures in fiscal 1979 could not easily be withdrawn later on for two reasons. First, withdrawing economic stimulus by curtailing expenditure increases in the future has adverse effects on economic performance that might not be easy to live with. Second, new programs are hard to shut down, once begun. (This criticism has less force in connection with expanded public service jobs than with other programs).

- . It would be unwise to expand public service jobs programs beyond present levels before we have a chance to evaluate existing programs. Anecdotal evidence suggests that existing CETA prime sponsors are encountering problems in finding meaningful projects for participants. Targetting PSE jobs to the long-term unemployed tends to reduce the extent to which PSE jobs programs merely substitute for projects that States and localities would have undertaken anyway, but it tends to create make-work activities.
- . It would be a mistake to introduce an expended PSE program by amending the pending welfare reform bill, as the Department of Labor's fiscal 1979 budget submission to OMB suggests. Welfare reform will be highly controversial. Tying a program of economic stimulus to the welfare reform bill would make attainment of the needed stimulus more uncertain, and, perhaps reduce the prospects for passing the bill.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 28 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim McIntyre*  
SUBJECT: Secretary Marshall's Recommendations on  
Economic Policy Decisions

For FY 1979 Secretary Marshall believes that a \$17 billion tax cut (having a \$23 billion annual cost) and a \$7 billion spending increase (at a full year rate of \$10 billion) are necessary to reduce the unemployment rate to 4-3/4 percent by 1981. He further recommends that at least half the spending increase occur in Labor Department public service employment programs. Mr. Marshall bases his recommendations upon the results of a fiscal policy exercise that you have seen discussed in the overview memorandum on tax reform. A more complete review of the economic outlook and the options for achieving economic and budget goals will be discussed Friday, October 28, to set the stage for subsequent meetings on major budget issues. He has also recommended very similar spending programs in his budget request which is now under review in OMB. Secretary Marshall's views should, of course, be considered.

At present I do not believe that I am ready to recommend to you a fiscal stimulus package which is that big or which has that particular composition. The Economic Policy Group, on which Secretary Marshall sits, agreed only last month to postpone further deliberations about a fiscal stimulus package until the performance of the economy in the final quarter of the year became known. It is still too early to make recommendations.

I am, however, skeptical of the desirability of placing so much emphasis on public service employment. Because we are now reviewing this budget proposal and will be presenting it to you November 15, in the context of his overall budget requests, I would ask that you defer decisions for the present. I would also note that there are a number of caveats about subsidized public service jobs that need to be considered. It is not obvious to everyone that a vastly increased public service jobs program would be the most attractive alternative.

I note that the Secretary feels he need not take account of the inflation consequences of his recommendations based upon the anti-inflation program that he submitted to you recently. Regrettably the inflation problem is much more severe than he acknowledges and his specific recommendations would at best provide only very modest relief from the problem.



THE SECRETARY OF COMMERCE  
Washington, D.C. 20230

NOV 1 1977

MEMORANDUM FOR THE PRESIDENT

FROM

*Juanita M. Kreps*  
JUANITA M. KREPS

SUBJECT

ECONOMIC POLICY MEMORANDUM FROM SECRETARY MARSHALL

I would make the following points on the October 25th memorandum from Secretary Marshall on economic policy decisions.

First, with respect to the need for stimulus, I share Secretary Marshall's belief that we will probably need a tax cut next year. I also agree that we should focus our spending priorities on structural unemployment problems.

I do think, however, that it is premature to decide on the tax cut and spending levels at this time. First, the EPG deputies' recommendation on the need for a \$23 billion tax cut and a \$7 billion spending increase reflect staff level estimates. While these staff estimates have been presented to the members of the Economic Policy Group, these members of the Cabinet have not endorsed the recommendations. In addition, these staff recommendations ought to be reviewed in the full context of the EPG's forecast for 1978 and 1979.

I am also reluctant to put too much weight on these econometric forecasts because they do not adequately take into account changing public expectations about the economy. Decisions on the economic stimulus question should be deferred until we have looked at the economic data for the last part of this year.

Second, as you are well aware, our decision about a tax cut must be carefully structured so that we get the maximum tax reform possible next year.

With respect to Secretary Marshall's proposals for structural programs, I share his belief that they deserve emphasis. But given the relatively limited budget margin that the Administration has to work with, and given the other initiatives you



may want to pursue (urban policy, trade adjustment assistance, etc.) I recommend that the overall increases in spending to provide economic stimulus be carefully reviewed in the context of all these other priorities.

With respect to the recommendation to increase public service jobs by 66 percent, I am concerned about the advisability of such an expansion for the following reasons:

- it runs counter to this Administration's philosophy of expanding employment in the private sector, that is, creating permanent productive jobs that have upward mobility.
- we have no evidence of the ability of State and local governments to absorb more PSE workers.

If we decide to expand public employment programs further, we should carefully explore mechanisms for tying these jobs to the economic development activities that the Federal Government already undertakes. We should also examine how we can provide better transition from public employment programs to permanent private sector jobs. I firmly believe that this Administration must put a higher priority on encouraging jobs in the private sector.

It is not possible for me to comment on Secretary Marshall's recommendations with respect to anti-inflation policy and international economic growth because the details of these recommendations were not provided in the memorandum. These matters should be discussed more fully by all of the Administration's economic advisors.

Secretary Marshall's memorandum and the comments that have been provided by your other economic advisors do not represent an adequate process for developing economic policy. The issues are too complex and the time allotted for comments too short. The memorandum illustrates the need for the Administration to improve its economic policy making process. Although the original EPG did not work effectively, I believe that we can devise a mechanism that will work. I shall be making some additional recommendations to you on this issue in the near future.



THE SECRETARY OF THE TREASURY

WASHINGTON 20220

October 31, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Ray Marshall's Recommendation on Budgetary Policy

Ray Marshall's recommendation for adding \$7 billion to Fiscal 79 budget outlays--over and above the OMB current services budget of \$500 billion--seems to me premature.

His memorandum of October 25 is based on the limited policy alternatives examined by the EPG deputies in their recent forecasting exercise. These forecasts do indeed project a need for additional fiscal stimulus next year, first to pick up the slack when the present stimulus package winds down after mid-1978 and second, to extend the momentum of the economy through 1979.

It doesn't seem to me, however, that the additional stimulus necessarily has to come from ever larger government spending. We have all agreed on the need to encourage a faster pace for private sector spending, particularly business spending for new plant and equipment as the best way to create permanent employment opportunities. The tax reform options submitted to you focus on that need.

But if a \$17 billion tax reduction doesn't appear adequate for the job--and I think it's far too early to make that judgment--then we ought to be examining other tax incentive options and possibly other programs, rather than simply piling on additional public service employment. PSE may be a necessary stopgap to provide jobs until private sector expansion reaches the desired pace. But we shouldn't be looking to this program as the automatic solution or as a continuously growing element. To do so would be to confess the inability of ever achieving our longer-range targets of budget balance and limitation on the share of output commanded by the government.

*Bob Carswell*  
Robert Carswell  
Acting Secretary

THE WHITE HOUSE

WASHINGTON

Date: October 26, 1977

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat  
Frank Moore (Les Francis)  
Jack Watson  
Jim McIntyre *attached*  
Charles Schultze *attached*

**FOR INFORMATION:**

The Vice President

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Marshall memo dated 10/25/77 re Economic Policy Decisions

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 10:00 AM

**DAY:** Friday

**DATE:** October 28, 1977

**ACTION REQUESTED:**

☒ Your comments

Other:

**STAFF RESPONSE:**

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

*News on  
from 52*

Date: October 27, 1977

MEMORANDUM

FOR ACTION:

Secretary Blumenthal  
Secretary Kreps

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sec. Marshall memo dated 10/25/77 re Economic Policy  
Decisions

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 9:00 AM

DAY: Monday

DATE: October 31, 1977

*call in this*

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

---

THE WHITE HOUSE  
WASHINGTON

November 1, 1977

Stu Eizenstat

The attached comments are forwarded to  
you for inclusion in your memo.

Rick Hutcheson

Attachments:

OMB, Treasury, CEA

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

BERGLAND AND WEAVER MEMOS - GEORGIA  
DELEGATION - SBA FARM DROUGHT  
DISASTER PROGRAM IN GEORGIA



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

C  
/

November 3, 1977

MEMORANDUM TO THE PRESIDENT

FROM:

Jim McIntyre

*Jim McIntyre*

Attached are the letters from Secretary Bergland and Administrator Weaver concerning the status of the SBA disaster relief program.

We understand that the House Appropriations Committee intends to recommend additions to the continuing resolution that would authorize SBA disaster loans at the \$1.4 billion level. This would provide funds to cover current needs in the interim period until the \$1.4 billion supplemental appropriation is enacted.

Attachments

Electrostatic Copy Made  
for Preservation Purposes



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

*cc Georgia  
delegation  
J*

November 3, 1977

MEMORANDUM

To: The President  
From: Bob Bergland  
Secretary

A large, stylized handwritten signature, likely of Bob Bergland, written over the "From:" line.

The Farmers Home Administration sent Glenn Hertzler to Atlanta today to work with Georgia SBA Director Clarence Barnes. Mr. Hertzler will coordinate the USDA effort to assist SBA with its emergency farm loan program.

Mr. Hertzler will help hire the 30 loan officers, 20 clerical assistants and 6 attorneys requested by SBA to help process its emergency loan applications. Some of the 56 people will be working next week, and all are expected to be in position by November 14.

In addition to Farmers Home Administration, Agricultural Stabilization and Conservation Service, the Extension Service, Federal Crop Insurance Corporation, and the Farm Credit Administration are helping to identify personnel, for example, retired employees who have the expertise and need a minimum amount of training.

Farmers Home Administration, by hiring people to assist SBA, or by using its own employees if necessary, will do what is needed to expedite the SBA emergency farm loan program.

USDA Assistant Secretary Alex Mercure and SBA Administrator Vernon Weaver and their staffs are in regular contact and will continue to coordinate the necessary response to the Georgia situation.



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

*cc: Georgia  
delegation  
J*

OFFICE OF THE ADMINISTRATOR

NOV 3 1977

The President  
The White House  
Washington, D. C. 20500

**Electrostatic Copy Made  
for Preservation Purposes**

Dear Mr. President:

At the request of James J. McIntyre I am sending you this up-to-date report on the Small Business Administration's farm drought crop disaster program in Georgia.

As of the close of business November 2, 1977, we had received 8,561 applications totaling over \$745 million. Of these, 2,288 totaling \$108 million have been approved and funded. Of the loans approved, 336 totaling \$8 million have been disbursed and an additional 250 checks will be received in the next two days. Our disaster offices in Georgia are currently staffed with 174 employees, 12 of whom were added this past week. The offices expect to be approving between 150 and 200 loans per day by next week, pending the availability of funds. Our disaster employees are working 6 days a week with an average work day of 10 hours. We anticipate that between 75 and 80% of the total applications that will be received in Georgia as a result of the drought disaster have already been received.

There is one immediate problem which I must bring to your attention; the question of availability of loan funds. We have distributed to our field offices all of the disaster loan funds available. By the end of this week we will have close to 1,000 loans processed in Georgia that cannot be approved due to a lack of funds. Our supplemental appropriation for \$1.4 billion has passed both the House and Senate but conference action has not yet been completed. I anticipate that by close of business Friday, November 4, if not sooner, we will be out of funds and unable to approve additional loans. We have been informed that Congress may add this matter to the continuing resolution that is currently being considered. We will continue to process loans up to the point of approval and as soon as the additional funds are available the loans will be approved.

During the past week I have taken a number of steps to expedite both processing and check disbursement. As a result of your kind offer to me, the Department of Agriculture is arranging to supply us with

- 2 -

additional experienced personnel to assist our disaster effort. We are also reviewing our other disaster operations with a view toward transferring experienced personnel to Georgia as soon as possible. In addition, on Monday of this week I approved changes to our procedures which will enable us to significantly reduce check delivery while still maintaining a reasonable collateral posture to secure the government funds.

I consider this current disaster situation to be of the highest priority for the Agency. To underline my commitment, during the next 10 days my top two Operations people and I will be in Atlanta reviewing the efficiency and effectiveness of the disaster operation.

I appreciate your continued interest in SBA and in the role it can play in your Administration.

Respectfully,

A handwritten signature in dark ink, reading "A. Vernon Weaver". The signature is fluid and cursive, with the first name "A." and last name "Weaver" clearly legible.

A. Vernon Weaver  
Administrator

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Bob Lipshutz  
Frank Moore  
Jim Gammill

RE: U.S. DISTRICT COURT APPOINTMENT-  
NORTHER/SOUTHERN DISTRICT OF IOWA  
(DONALD E. O'BRIEN)

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
/		JORDAN
	/	LIPSHUTZ
	/	MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
/	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

~~THE PRESIDENT'S OFFICE~~

THE WHITE HOUSE

WASHINGTON

November 3, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*  
SUBJECT: U.S. DISTRICT COURT APPOINTMENT -  
NORTHERN/SOUTHERN DISTRICT OF IOWA

Attached is the Attorney General's memorandum with recommendations for the vacancy in the Northern/Southern District of Iowa. The recommendations were made by a commission appointed by Senators Clark and Culver.

Bob Lipshutz, Frank Moore and I have reviewed the list and concur with Judge Bell that Donald E. O'Brien would be the best choice in view of his background and experience.

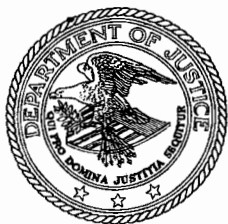
We recommend you approve the nomination of Mr. O'Brien.

APPROVE ✓ DISAPPROVE           

Attachment



Electrostatic Copy Made  
for Preservation Purposes



Office of the Attorney General  
Washington, D. C. 20530

October 26, 1977

MEMORANDUM TO THE PRESIDENT

RE: United States District Judge  
Northern/Southern District of Iowa

Attached is a list of the names, with brief resumes, of the five persons recommended by the commission appointed by Senators Clark and Culver. All are excellent, and each would make a good district judge. I recommend Donald E. O'Brien of Sioux City because of his maturity and greater trial experience, including six years as a United States Attorney.

*Griffin B. Bell*

---

Griffin B. Bell  
Attorney General

Attachment

The following are the five nominees recommended by the Iowa Commission:

Ronald Earl Longstaff -- 36; J.D. 1965, University of Iowa, Comments Editor, Iowa Law Review; law clerk to district court judge, 65-67; Clerk of Court-Magistrate, 1968-76; U.S. Magistrate, 1976-present.

Mark McCormick -- 44; LL.B., 1960, Georgetown University; law clerk, 8th Circuit, 1960-61; private practice, asst county attorney, 1961-65; Iowa district judge, 1968-72; Iowa Supreme Court Justice, 1972-present.

Mark Elwood Schantz -- 36; Rhodes Scholar; LL.B., 1968, Yale Law School, Board of Editors, Yale Law Journal; law clerk to Judge Frank M. Johnson, 1968-69; professor, University of Iowa Law School, 1969 - present. Has a number of publications; has been involved regularly in litigation while teaching (10 cases in judgement in past five years); now associate dean of the law school with administrative responsibilities.

Donald E. O'Brien -- 54; LL.B., 1948, Creighton University; private practice, 1948-59; city attorney, 1948-53; county attorney, 1955-58; United States Attorney, 1961-67; Municipal Judge, 1959; private practice, 1967-present.

Harold Duane Vietor -- 45; J.D., 1958, University of Iowa, Order of the Coif, Law Review; law clerk, 8th Circuit, 1958-59; private practice, 1959-65; Judge of Iowa district court, 1965-present. Since 1970 has been chief judge of the district with responsibility for all court administration matters.

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

Midge Costanza

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

RE: DENIAL OF DEATH BENEFITS TO  
MRS. STUCHEL - NAVY WIDOW

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
	✓	COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

rick--

i have sent copy to  
miss lillian...per  
president's request

-- susan

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Electrostatic Copy Made  
for Preservation Purposes

cc: My mother -  
(1st 2 pages only)

JC

November 3, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

MARGARET COSTANZA *mc*

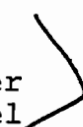
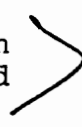
SUBJECT:

Your Inquiry Regarding the  
Denial of Death Benefits to  
Mrs. Stuchel, a Navy Widow  
who Wrote to your Mother

On June 6, 1977 Bill Stuchel died, 16 days before his 60th birthday. After her attempts to obtain death benefits from the Navy were denied, Mrs. Stuchel wrote letters to you, to me, and to Miss Lillian to explain her plight: her husband died 16 days before becoming eligible for pension, although having served over twenty years in the Navy with an outstanding record.

On receipt of her letter of August 7, I wrote her of how moved I was by what she had gone through and informed her that I would try to put her case before the proper forum. I referred her letter to the Department of Navy who, on September 8, wrote to Mrs. Stuchel informing her of her pension ineligibility and suggested that she contact the Veterans Administration regarding other possible benefit programs.

On receipt of your inquiry, my office contacted the Department of Navy and the Veterans Administration to determine the status of her case and what might be done on her behalf.

1. The Navy has returned the photographs of her husband, which she had requested in her letter to Miss Lillian. We have called Mrs. Stuchel to verify that she has received them. 
2. On November 2 (hours after our office spoke with the Veterans Administration) the V.A. authorized a monthly payment to Mrs. Stuchel of \$123, effective January 1, 1978. 

3. On November 3, the Veterans Administration agreed to review the question of life insurance coverage, which up to that point had been denied.
4. On November 3, the Veteran Administration's regional office contacted Mrs. Stuchel at her home and agreed to have a meeting at her convenience, at her home, to explore the possibility of life insurance coverage. The meeting should occur next week.
5. On November 2, the Navy Department advised my office of two bills now pending in the Armed Services Committees of both the Senate and House, HR97 and S1996 (a copy of HR97 is attached). The Navy Department said the bills are intended to prevent similar situations from recurring, that is, in cases where a spouse has died after fulfilling a twenty-year entitlement obligation, the widow would have a percentage of benefits vested at age fifty-five.

The documentation describing the above struggle through the bureaucratic maze is attached.

The case of Mrs. Stuchel is similar to a number of tragic cases our office has tried to deal with over the past ten months. I feel that Mrs. Stuchel's frustration is representative of a serious problem where inefficient and calloused bureaucracy and, perhaps, legislative gaps have made our government unresponsive to this kind of situation.

I would recommend that this case be referred to Stu Eizenstat and Jack Watson for their consideration of its implications.

Nov. 1 Dept of  
Navy letter to  
Public Liaison



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(MANPOWER, RESERVE AFFAIRS AND LOGISTICS)  
WASHINGTON, D. C. 20350

1 November 1977

MEMORANDUM FOR MR. REIMAN  
The White House Office

Subj: Matter of Mrs. Selmajane Stuchel

Enclosed in chronological order from the top are the following items of correspondence and accompanying documents.

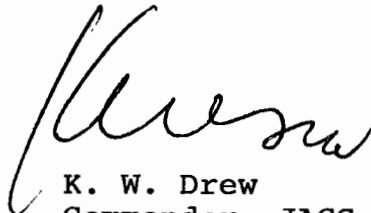
- a. Copy of letter of Mrs. Stuchel of 20 August 1977, received at Navy Department on 31 August 1977, and copy of the Navy reply of 27 September 1977.
- b. Copy of Mrs. Stuchel's letter of 7 August 1977 to Ms. Costanza with enclosures consisting of a letter to the President same date, citation, evaluation, two Navy letters and copy of death certificate. Also attached but not listed as an enclosure is a news clipping.
- c. Copy of WHO referral sheet to Navy Department, received at Navy on 5 September, with attached copy of Ms. Costanza's interim reply.
- d. Copy of Assistant Secretary Hidalgo's reply of 8 September 1977.

The Department of Defense White House Correspondence Section advised me that two photographs were attached to the referral sheet (item c) and that they were returned directly to Mrs. Stuchel on about 15 September 1977. I verified that action by speaking directly to the individual who did the mailing and who advised me he recalled placing the photos in an envelope he addressed. Consequently, Mrs. Stuchel should have received the photographs. No one could recall any original documents being attached to the referral from WHO but indicated that as a matter of routine they would have been returned directly as was done with the photos.

The survivor's benefit annuity which Mrs. Stuchel seeks can be allowed to her only if Mr. Stuchel became eligible to receive retired pay as a naval inactive duty reservist prior to his death. As provided in section 1331, Title 10, U. S. Code, an inactive reservist does not become eligible for retired pay until reaching 60 years of age. Since Mr. Stuchel died before reaching 60 years of age, there is no authority for a survivors annuity based on retired pay eligibility.

One possible alternative which Mrs. Stuchel should pursue as a matter of her own initiative is special congressional relief in the nature of a private relief bill. To evaluate this possibility, she should contact the office of either Senator Schweiker or Senator Heinz or, perhaps better, Congressman Marc Marks who represents the district wherein lies Union City. Such a private relief bill would depend on the degree of sympathy which either of the senators or Congressman Marks attaches to Mrs. Stuchel's situation. For that reason, it is difficult to offer more specific comment.

Although Mrs. Stuchel's letter to the President indicates avoidance of possible Veterans Administration benefits, I would strongly encourage her to contact the VA in order to determine what, if any, benefits may be available to her.

A handwritten signature in dark ink, appearing to read 'K. W. Drew', is positioned above the typed name and title.

K. W. Drew  
Commander, JAGC, USN  
Special Assistant Military Law



Stuchel, William

Pers-17-slgd-21c  
23 September 1977

Dear Mrs. Stuchel:

This is in reply to the letter you addressed to the Secretary of the Navy on August 20, 1977 concerning your entitlement to survivor benefits. Your letter was forwarded to the Chief of Naval Personnel for response.

Your husband's untimely death is deeply regretted. Although at the time of his death your husband had accrued 20 years of satisfactory service, he failed to attain the age of 60 as required by unwaiverable federal statute and was ineligible for receipt of retired pay. This unfortunate fact precludes your entitlement to any annuity under the Survivor's Benefit Plan. I am, however, forwarding a copy of your letter to the Office of Serviceman's Group Life Insurance with the request that they provide information regarding your eligibility for an insurance claim.

Thank you for writing. I hope the foregoing will be of assistance to you.

By direction of the Chief of Naval Personnel:

G. F. RYAN, CAPT, USN/Pers 17

Room 4505/EXT 42888

TYP: S.L. Golden (Vydec)

23 Sept 77

OLA R.S. files

SECNAV R. S. ~~275~~ 417

Jacket

Sincerely yours,

C. F. DOOLEY  
SPECIAL ASSISTANT

Mrs. William H. Stuchel  
R. S. 1 Valley Road  
Union City, Pennsylvania 16438



R.D. 1 Valley Rd.  
Union City, Pa. 16438  
August 7, 1977

*Indw*

*Not eligible  
for benefits prior  
to husband's death*

Midge Costanza, Presidential Assistant  
White House  
Washington, D.C.

Ms. Costanza:

I am taking the liberty of writing to you as I don't know where to turn. I read of your stand on some issues and feel that you would be the one to place the enclosed letter I have written to President Carter and think it is a good chance of being placed on his desk. I realize he is a very, very busy man, however, I have great faith in God and President Carter. I know that Jimmy Carter would not tolerate any undue injustice to any fellow human being and I am taking this bold step in writing to you for his help.

I enclosed a picture, copies of pertinent letters and evaluations, as I wanted you and President Carter to see for yourselves the type of man Bill was. He was proud of his uniform and very, very proud of his country. I pray that his faith and trust in American will not have been in vain.

Thank you for your help. I humbly ask that you pass my plea on to our President.

Yours sincerely,

*Selmajane Stuchel*

(Mrs.) Selmajane Stuchel

Enclosure: 2 pictures  
letter to President Carter  
citation  
evaluation  
2 Navy letters  
copy of death certificate



*The United States of America  
honors the memory of*

WILLIAM H. STUCHEL

*This certificate is awarded by a grateful  
nation in recognition of devoted and  
selfless consecration to the service  
of our country in the Armed Forces  
of the United States.*

*Jimmy Carter*  
*President of the United States*

## Carter Wants Panel to Review Inequities in Pension Systems

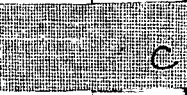
AARP  
Bulletin  
July-Aug '77

President Carter said he intends to name a "Presidential-level blue-ribbon commission . . . very quickly" to study inequities connected with the nation's military, Civil Service, Social Security and private retirement systems.

concerned, and that is whether or not they are financially sound.

Many government retirement programs are unsound, particularly at the local level of government; some at the state level of government. And this is a very dangerous thing for the security of many public servants in our country, presently and in the past.

So, I think the entire system of retirement needs to be examined very carefully. Although I haven't announced it publicly before, I intend very quickly to appoint a commission to give me advice on what ought to be done to correct these inequities.



# THE WHITE HOUSE OFFICE

## REFERRAL

To:

Secretary  
Department of the Navy  
The Pentagon

Date:

28477 10 30  
August 23, 1977  
OFF SECY OF DEFENSE

Washington, D. C. 20350

### ACTION REQUESTED

- ☐ Draft reply for:  
☐ President's signature.  
☐ Undersigned's signature.
- ☐ Memorandum for use as enclosure to reply.
- ☒ Direct reply.  
☒ Furnish information copy.
- ☐ Suitable acknowledgment or other appropriate handling.  
☐ Furnish copy of reply, if any.
- ☐ For your information.
- ☐ For comment.

### NOTE

*Prompt action is essential.*

If more than 72 hours' delay is encountered, <sup>9 days</sup> please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

### REMARKS:

### Description:

☒ Letter: ☐ Telegram: ☐ Other:

To: Margaret Costanza  
From: Mrs. Selmajane Stuchel  
Date: August 7, 1977  
Subject:

Request for further assistance of benefits that may be due Mrs. Stuchel

By direction of the President

MARGARET COSTANZA  
Assistant to The President

(Copy to remain with correspondence)

August 25, 1977

Dear Mrs. Stuchel:

Thank you so much for taking the time to write me.  
I certainly understand your frustration and am deeply  
moved by the events which you have been through.

I will do my best to make sure your description  
of your difficulties is put into the proper hands.

With all best wishes,

Sincerely,

MARGARET COSTANZA  
Assistant to The President

Mrs. Selma Jane Stuchel  
R. D. 1 Valley Road  
Union City, Pennsylvania 16432

*d*

1772

8 September 1977

Mrs. Selmajane Stuchel  
Rural Delivery #1, Valley Road  
Union City, Pennsylvania 16438

Dear Mrs. Stuchel:

On behalf of Ms. Costanza, I am replying to your letter of August 7 regarding your non-entitlement to Survivor Benefit Plan (SBP) monies.

As much as she would like to, Ms. Costanza cannot reply personally to every communication she receives. Therefore, she has asked the departments and agencies of the Federal Government to reply on her behalf in those instances where they have special knowledge or special authority under the law. For this reason, your correspondence was forwarded to the Department of Defense.

Your letter has been read with interest, and your comments noted. The fact that your husband died before he was able to participate in the SBP is most unfortunate. Participation in such a plan must be arranged prior to a member's transfer to the Fleet Reserve or a retired status, and this retainer or retired pay is then reduced a specific percentage, depending on the size of the annuity of this program. Unfortunately, the entitlement to participate in this program is founded in law and the governing statutes cannot be waived.

I regret to inform you that no legislation has been enacted which would enable widows of deceased servicemen to receive SBP coverage on a retroactive basis. However, permit me to suggest that you contact your local Veterans Administration Office regarding benefit programs which you may be entitled to participate in as a result of your husband's service.

I regret this reply could not be in keeping with your desires. Nevertheless, thank you for corresponding with Ms. Costanza.

Sincerely,

Edward Hidalgo  
Assistant Secretary of the Navy

Prep by: LT LEWIS, USN, WHLO, X50191  
Typed by: D. Boone, 7 Sept 77  
Copy to: SECNAV Files #10135/SECDEF WH 53042  
COORDINATED WITH OSD

Robert G. Juengling  
CDR, USN  
Military Assistant

COORDINATED WITH O

COORDINATED WITH O

Nov. 2 Dept of  
Navy letter to  
Public Liaison  
re: HR 97



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(MANPOWER, RESERVE AFFAIRS AND LOGISTICS)  
WASHINGTON, D. C. 20350

2 November 1977

MEMORANDUM FOR MR. REIMAN  
THE WHITE HOUSE OFFICE

Subj: Matter of Mrs. Selmajane Stuchel

In furtherance of my memo to you of yesterday, same subject, I have discovered additional information which I pass along for your consideration.

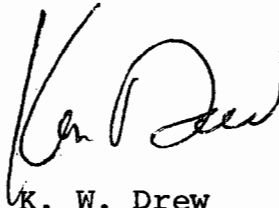
H.R. 97, copy attached, if enacted, would directly benefit Mrs. Stuchel by enabling her to receive 55% of the retired pay her deceased husband would have received had he reached 60 years of age.

H.R. 97 is an exact duplicate of S. 1996 introduced in the Senate on 3 August 1977. Both items are now pending in the Armed Services Committee of the Senate and House.

Regarding the Servicemen's Group Life Insurance (SGLI) matter noted in Mrs. Stuchel's 20 August 1977 letter, Mr. Stuchel could have applied for SGLI protection anytime within 120 days of his accumulation of twenty reserve years of service. Mrs. Stuchel notes that such accumulation occurred in August 1972. Accordingly, his 120-day period of eligibility commenced during that month. Had he applied within that period and regularly paid his premiums, his life would have been insured for \$20,000. However, he did not apply.

Mrs. Stuchel's letter states that information on Mr. Stuchel's SGLI eligibility was inside an envelope along with other information on retired pay, and that instructions accompanying the envelope were not to open it until six months prior to age 60. She is implying that the Navy is at fault for not giving timely information, or perhaps concealing information, on applying for SGLI coverage, and had the information been known to Mr. Stuchel, he would have applied for and would have received SGLI coverage of \$20,000. She possibly might convince the SGLI Administrator to grant retroactive coverage to the late Mr. Stuchel, however, I would not expect the Administrator to leap at the opportunity based solely on Mrs. Stuchel's letter. I believe it will require further probing of her before the Navy would support her.

I will do the following on the SGLI matter. I will submit a copy of the 20 August 1977 letter to the Benefits Desk in the Navy Bureau of Personnel with directions to determine all the circumstances reasonably available surrounding the notification to Mr. Stuchel regarding his SGLI eligibility. Upon so doing, the Navy benefits people will communicate those facts to the Administrator of the SGLI program for a determination whether retroactive coverage can be extended to the late Mr. Stuchel. In all honesty, this effort may ultimately not result in any benefit, but it is an alternative I cannot discount. I spoke with Mr. Grant Howard, who is in the Office of the Chief Benefits Director, VA, telephone 389-5052, who concurs.

A handwritten signature in black ink, appearing to read 'K. W. Drew', is positioned above the typed name.

K. W. Drew  
Commander, JAGC, USN  
Special Assistant Military Law

95TH CONGRESS  
1ST SESSION

# H. R. 97

---

## A BILL

To amend section 1448 of title 10, United States Code, to provide survivor benefits in case of death of certain members or former members of the armed forces who die before becoming entitled to retired pay for non-Regular service, and for other purposes.

---

By Mr. MONTGOMERY, Mr. NICHOLS, Mr. DICKINSON, and Mrs. HOLT

---

JANUARY 4, 1977

Referred to the Committee on Armed Services

95TH CONGRESS  
1ST SESSION

# H. R. 97

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1977

Mr. MONTGOMERY (for himself, Mr. NICHOLS, Mr. DICKINSON, and Mrs. HOLT)  
introduced the following bill; which was referred to the Committee on  
Armed Services

---

## A BILL

To amend section 1448 of title 10, United States Code, to provide survivor benefits in case of death of certain members or former members of the armed forces who die before becoming entitled to retired pay for non-Regular service, and for other purposes.

- 1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That section 1448 of title 10, United States Code, is  
4     amended by adding new subsection (e) to read as follows:  
5     “(e) If a person who would otherwise have become  
6     entitled to retired pay under chapter 67 of this title dies  
7     before attaining the age at which he would have been en-  
8     titled, upon application, to such retired pay, the Secretary

1 concerned shall pay to a widow or widower described in sec-  
2 tion 1450 of this title 55 percent of—

3 “(1) the retired pay to which the member or  
4 former member would have been entitled if he had all  
5 of the qualifications described in section 1331 of this title  
6 and had applied therefor, if he was at least 55 years of  
7 age when he died; or

8 “(2) the retired pay to which he would have be-  
9 come entitled under clause (1) if he had lived until age  
10 55, commencing on the date he would have attained that  
11 age, and based upon the pay rates then in effect. How-  
12 ever, if the member or former member was at least 50  
13 but less than 55 years of age at the time of his death, the  
14 surviving widow or widower may elect to receive an  
15 annuity to commence immediately, based upon the pay  
16 rates in effect on the date of the member's or former  
17 member's death reduced by one-sixth of 1 percent for  
18 each full month between his age on the date of his death  
19 and age 55, or the annuity described in the first sentence  
20 of this clause.

21 A person entitled to an annuity under this subsection is  
22 considered to be a dependent of a member or former member  
23 who was at the time of his death entitled to retired pay.”.

Nov. 3 Veterans  
Administration  
summary of  
Stuchel case

**VETERANS ADMINISTRATION  
REFERENCE SLIP**

TO (Name or title—Organizational element—Room No. and bldg.)	INITIALS—DATE
1. Richard Reiman	
2.	
3.	
4.	
5.	

**REASON FOR REFERENCE**

- |                                       |   |   |
|---------------------------------------|---|---|
| <input type="checkbox"/> APPROVAL     | <input type="checkbox"/> CONCURRENCE      | <input type="checkbox"/> NOTE AND RETURN  |
| <input type="checkbox"/> AS REQUESTED | <input type="checkbox"/> FOR YOUR FILES   | <input type="checkbox"/> PER CONVERSATION |
| <input type="checkbox"/> CALL ME      | <input type="checkbox"/> INFORMATION      | <input type="checkbox"/> RECOMMENDATION   |
| <input type="checkbox"/> COMMENTS     | <input type="checkbox"/> NECESSARY ACTION | <input type="checkbox"/> SIGNATURE        |

☐ PREPARE REPLY  
FOR SIGNATURE OF

**REMARKS**

As requested, summary of case of  
William Stuchel is attached.

FROM	DATE 11/3/77
RUFUS H. WILSON Deputy Administrator (001)	TEL. EXT. 2817

November 3, 1977

TO: Chief Benefits Director (20)

SUBJ: Selma Jane Stuchel, widow of veteran William H. Stuchel,  
XC-15 211 591, Union City, PA

Claims folder discloses that a burial allowance of \$400 was paid on July 7, 1977, to Russell C. Schmidt Funeral Home, Erie, Pennsylvania.

Cause of veteran's death was a cardiac condition.

Widow informed of denial of service connection for cause of death by letter from RO October 11, 1977. She was also informed of possibility of pension benefits and information concerning income and assets was requested. This information was received in the RO November 1 and was expedited through Adjudication for a determination as to her eligibility to pension benefits.

On November 2, 1977, it was determined that her 1977 income of over \$7,000 barred pension payments for 1977. Her expected income of \$500 for 1978 entitles her to \$123 monthly payments effective 1/1/78. Such award was authorized and a letter informing her was sent by the Regional Office on 11/2/77.

Widow sent a letter to Max Cleland on August 10. Reply to widow dated August 26 stating that VA had no jurisdiction over Navy Reserve death benefits.

As result of an inquiry through Congressional Liaison Service, a letter was sent to Congressman Marc L. Marks on October 28, 1977, explaining why service connection could not be granted for cause of death.

Cmdr. Ken Drew, OX 5-2486, called to ask whether VA would consider reviewing a case for the purpose of ascertaining SGLI coverage of a deceased Navy Reservist (William H. Stuchel, SSN 069 24 5568). Following discussion with him, Cmdr. Drew agreed to develop all facts possible about the case, and submit the claim to the Office of Servicemen's Group Life Insurance. I invited the Commander to send me a courtesy copy of the transmittal, so we could follow-up on the matter. He agreed to do this.

Although the RO tried numerous times during the day to reach the widow by telephone, they were unsuccessful until late in the afternoon. The widow had numerous questions concerning insurance and the granting of service connection for cause of death so the RO tried to set up an appointment to have a VA representative call on her at her convenience. As she could not immediately determine when she would be available, she asked that the RO contact her today, 11/3, and she would inform them of when she would be available next week.

We will keep you informed of the date and time of personal interview.

A handwritten signature in black ink, appearing to read 'M. L. Howells', with a stylized, cursive script.

M. L. HOWELLS  
(201A)

THE WHITE HOUSE  
WASHINGTON

November 4, 1977

Tim Kraft

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

SIGNING CEREMONY FOR TINICUM  
NATIONAL ENVIRONMENTAL CENTER

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

*don't show TK SE & copy*

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

ne T. ...  
THE PRESIDENT'S ...  
THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

While I understand a signing ceremony has been scheduled and it is undoubtedly too late to cancel, this does not seem to me to be an appropriate bill for which the President of the United States should have a signing ceremony.

Stu

Stu Eizenstat

3 Nov 77

I agree  
J



Electrostatic Copy Made  
by the ...

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

, WASHINGTON

November 3, 1977

BILL SIGNING

H.R. 2817 - Tinicum National Environmental Center

H.R. 4297 - Amendments to Marine Protection Act of 1972

Friday, November 4, 1977

9:30 a.m. (15 Minutes)

Indian Treaty Room (474 OEOB)

From: Frank Moore J.M.

I. PRESS PLAN

Open Press Coverage

II. TALKING POINTS

1. Jean Byrne will be in attendance for the Governor. You should recognize her, express your pleasure that she was able to attend and that you understand that the Governor is out actively campaigning.

2. Because of a meeting of Democrats on the Hill tomorrow, only one Democratic Senator has accepted, Sarbanes. The Senator has asked that he be able to have a photo shaking your hand after you have signed the bill.

III. PARTICIPANTS

The President

The Vice President

Senate

Senator Roth  
Senator Mathias  
Senator Sarbanes  
Senator Schweiker  
Senator Heinz

Senate Staff

Phil Cummings, Environment and Public Works Committee  
Sally Walker, Environment and Public Works Committee  
Jacqueline Schafer, Environment and Public Works Committee

House

Robert Bauman

9:30 AM

*Tim -  
This ceremony  
was unnecessary  
J*

**Electrostatic Copy Made  
for Preservation Purposes**

Larry Coughlin

John Dent

Robert Edgar

Thomas Evans

Daniel Flood

Edwin Forsythe

Joseph Gaydos

William Hughes

Peter Kostmayer

Robert Leggett

Joe McDade

Marc Marks

William Moorhead

Austin Murphy

John Murphy

John Murtha

Michael Myers

Fred Rooney

Philip Ruppe

Richard Schultze

Bud Shuster

Doug Walgren

Robert Walker

House Staff

Ernest Corrado, Merchant Marine Committee

Ned Everett, Merchant Marine Committee

Thomas Kitsos, Merchant Marine Committee

Neil Messick, Merchant Marine Committee

Carl Perian, Merchant Marine Committee

State Officials

Jean Byrne, representing the Governor of New Jersey

Harold Hodes, Governor's office, New Jersey

EPA

Thomas Jorling

Charles Warren

Larry Snowwhite

Scott Schlesinger

Jack Schramm

Beck Eckardt

Interior

Robert Herbst, Assistant Secretary for Fish, Wildlife and Parks

Other

Jean Diehl, Pennsylvania League of Women Voters

Kenneth Kamlet, National Wildlife Federation

Nancy Hughes, wife of Congressman Hughes

Nancy L. Hughes, daughter of Congressman Hughes